

Who does what?

- State Office
 - Lease issuance
 - Lease maintenance
 - Agreement approval and maintenance
- Field Office
 - APDs
 - Well maintenance – Sundries, inspections
 - 60 day letters

UNIT ADJUDICATION PROCESS

- Area & Depth Meeting
- Designation
- Final Approval
- Participating Areas
- Expansion/Contraction
- Maintenance
- Termination

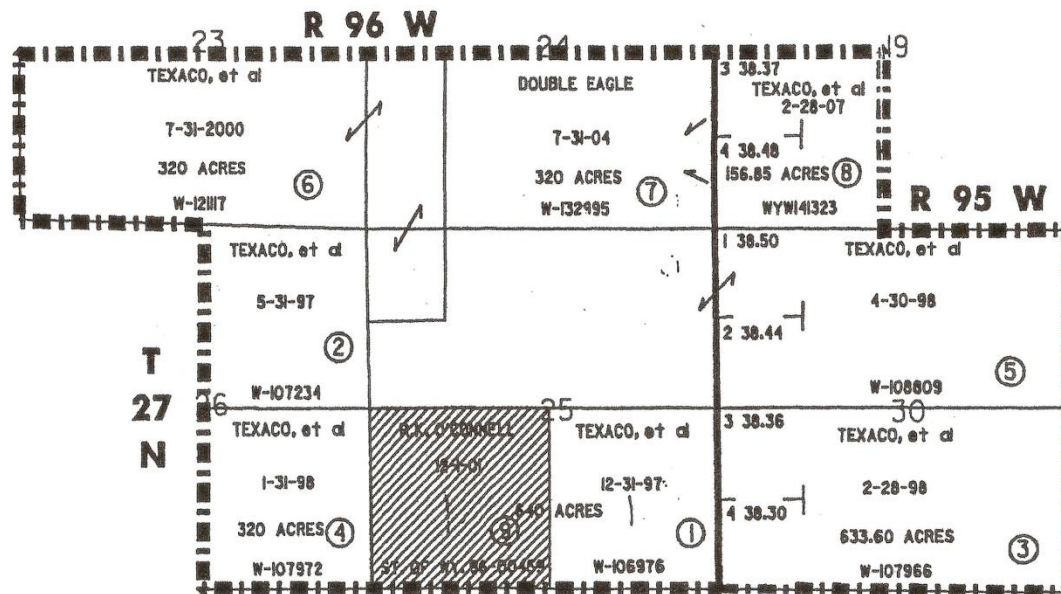
Area & Depth Meeting

Operator provides:

- Unit Boundary
- Obligation well location
- Justification for area
 - Logs from existing or prior wells
 - Geology
 - Seismic

Designation

- Exhibit A – plat of the unit area
- Exhibit B –
 - Tract numbers
 - Legal Description
 - Lease number
 - Acreage
 - Interest owners (lessee, overriding royalty, working, basic royalty)
- Application Letter
- Geologic Report



971117 15 PM 12:33

NOTE:

EXHIBIT COMPILED FROM THE FOLLOWING
GOVERNMENT LAND OFFICE SURVEY PLATS:
T27N-R95W JANUARY 31, 1995
T27N-R96W AUGUST 17, 1995

	ACREAGE	PERCENT OF UNIT
----- UNIT BOUNDARY	2,390.45	100%
□ FEDERAL LAND	2,230.45	93.31%
▨ STATE LAND	160.00	6.69%
② TRACT NUMBER		

ABBREVIATIONS

TEXACO - TEXACO EXPLORATION AND PRODUCTION INC.
DOUBLE EAGLE - DOUBLE EAGLE PETROLEUM & MINING C

EXHIBIT 'A' BUFFALO ROBE UNIT FREMONT COUNTY, WYOMING

TEXACO EXPLORATION & PRODUCTION INC

EXHIBIT "B"
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND GAS INTEREST
BUFFALO ROBE UNIT AREA
FREMONT COUNTY, WYOMING

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
FEDERAL LANDS:							
1	<u>T27N-R96W, 6th P.M.</u> Section 25: SE/4	160.00 acres	WYW-106976 Effective 1/1/88 Expires 12/31/97	U.S.A. - 12.50%	Apache Corporation R.K. O'Connell 50%	50% None	Texaco Exploration and Production Inc. Apache Corporation R.K. O'Connell
2	<u>T27N-R96W, 6th P.M.</u> Section 26: NE/4	160.00 acres	WYW-107234 Effective 6/1/87 Expires 5/31/97	U.S.A. - 12.50%	Apache Corporation	100% Abby Corporation 4.00%	Texaco Exploration and Production Inc. Apache Corporation
3	<u>T27N-R95W, 6th P.M.</u> Section 30: Lots 3,4, E/2SW/4, SE/4	316.66 acres	WYW-107966 Effective 3/1/88 Expires 2/28/98	U.S.A. - 12.50%	Apache Corporation	100% None	Texaco Exploration and Production Inc. Apache Corporation
4	<u>T27N-R96W, 6th P.M.</u> Section 26: SE/4	160.00 acres	WYW-107972 Effective 2/1/88 Expires 1/31/98	U.S.A. - 12.50%	Apache Corporation	100% Hazel C. Stanley 4.00%	Texaco Exploration and Production Inc. Apache Corporation

Final Application

- Application Letter
- Final exhibits A & B
- Unit Agreement
- Unit Operating Agreement
- Joinders

Unit Agreement

- Model form is found in 43 CFR 3186
- Must be signed by unit operator
- Changes to model form must be approved by AO

Unit Operating Agreement

- Agreement between operator and interest owners
- BLM is not a party to agreement
- Most operators use the Rocky Mountain Unit Operating Agreement from the Rocky Mountain Mineral Law Foundation

Joinders

- 2 types
 - Unit Agreement
 - Unit Agreement and Unit Operating Agreement
- No conditions
- Must be notarized
- Name on joinder must be consistent with name on Exhibit B – Acme Oil Inc/Acme Oil and Gas
- Late joinder
 - after approval but before operations begin
 - No consents required
 - Effective the date of unit approval

Joinders

- Subsequent joinder
 - after unit approval and after operations begin
 - Sub jndr for non-working interest owner cannot be approved if corresponding working interest has not committed its interest in the tract
 - Sub jndr for non-working interest owner must be accepted and agreed to by working interest owner committed and responsible for payment of benefits
 - Must have required percentage of consent from working interest owners found in section 14.2 (Voting control) of the unit operating agreement
 - No consents are necessary for Record Title or Overriding Royalty interest
 - Usually effective on the date of filing (Section 28 of the unit agreement)

Fully Committed

Tract No.	Description of Land	Number of Acres	Serial Number	Basic Royalty and Percentage	Lesse of Record and Percentage	Overriding Royalty and Percentage	Working Interest and Percentage
	Federal Lands						
1	T27N-R90W Section 25 SE/4	160.00	WYW106878	USA 12.50%	• Apache Corporation 50%	• Hazel C. Stanley 4.01%	• Texaco Exploration & Production, Inc. 50%
			Effective 1/1/1988		• R. K O'Connell 50%	• Norman Crawford .17%	• Apache Corporation 25%
			Expires 12/31/1997				• R. K. O'Connell 25%

Effectively Committed

Tract No.	Description of Land	Number of Acres	Serial Number	Basic Royalty and Percentage	Lesse of Record and Percentage		Overriding Royalty and Percentage		Working Interest and Percentage	
	Federal Lands									
1	T27N-R90W Section 25 SE/4	160.00	WYW106878	USA 12.50%	• Apache Corporation	50%	Hazel C. Stanley	4.01%	• Texaco Exploration & Production, Inc.	50%
			Effective 1/1/1988		• R. K O'Connell	50%	• Norman Crawford	.17%	• Apache Corporation	25%
			Expires 12/31/1997						• R. K. O'Connell	25%

Partially Committed Federal

Tract No.	Description of Land	Number of Acres	Serial Number	Basic Royalty and Percentage	Lessee of Record and Percentage		Overriding Royalty and Percentage		Working Interest and Percentage	
	Federal Lands									
1	T27N-R90W Section 25 SE/4	160.00	WYW106878	USA 12.50%	Apache Corporation	50%	Hazel C. Stanley	4.01%	• Texaco Exploration & Production, Inc.	50%
			Effective 1/1/1988		• R. K O'Connell	50%	• Norman Crawford	.17%	• Apache Corporation	25%
			Expires 12/31/1997						• R. K. O'Connell	25%

Partially Committed Private

Tract No.	Description of Land	Number of Acres	Serial Number		Basic Royalty and Percentage			Lessee of Record and Percentage			Overriding Royalty and Percentage			Working Interest and Percentage	
	Patented Lands														
1	T27N-R90W Section 25 SE/4	160.00	5/12/1989		Kevin Reinhart	75.25%	•	Apache Corporation	50%		Hazel C. Stanley	4.01%	•	Texaco Exploration & Production, Inc.	50%
							•	R. K O'Connell	50%	•	Norman Crawford	.17%	•	Apache Corporation	25%
													•	R. K. O'Connell	25%
				•	Margaret Jones	24.75%	•	Apache Corporation	100%		None		•	Texaco Exploration & Production, Inc.	50%
													•	Apache Corporation	50%

Not Committed

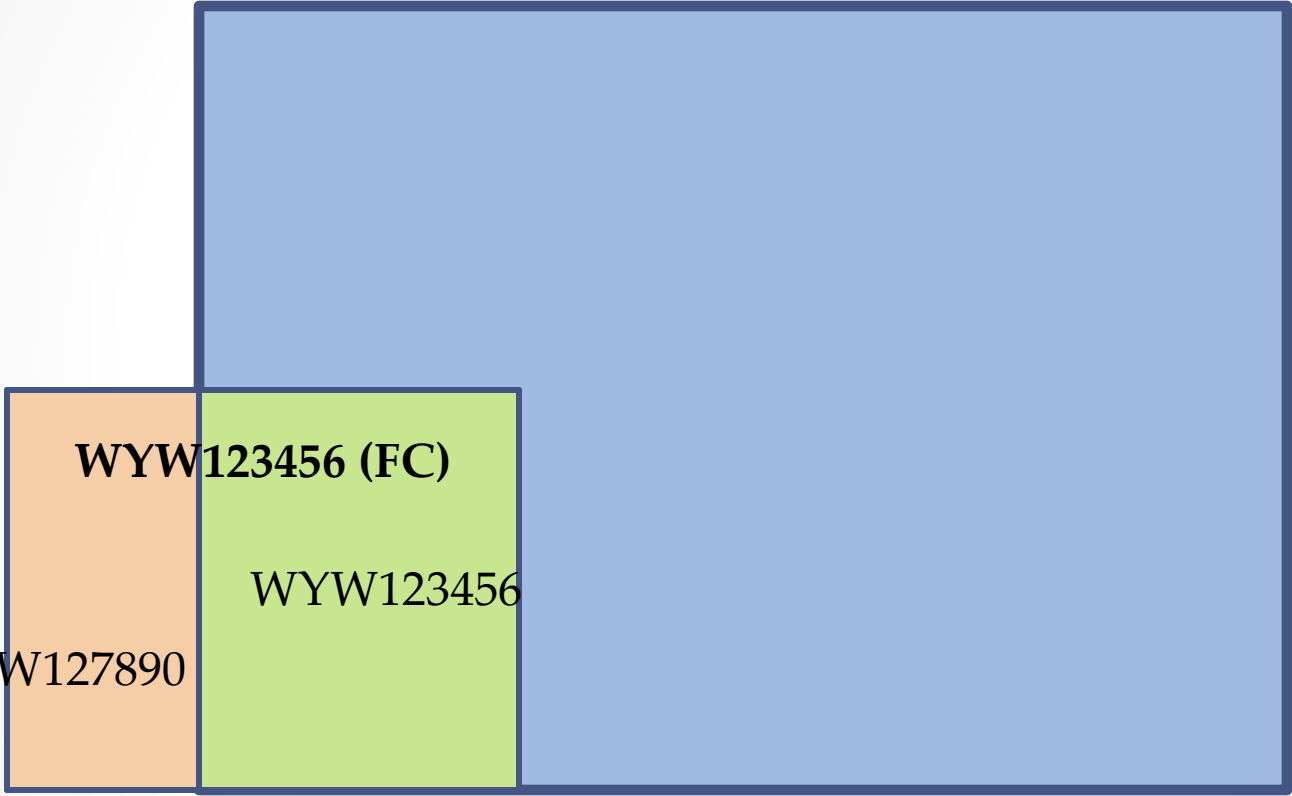
Tract No.	Description of Land	Number of Acres	Serial Number	Basic Royalty and Percentage	Lessee of Record and Percentage		Overriding Royalty and Percentage		Working Interest and Percentage	
	Federal Lands									
1	T27N-R90W Section 25 SE/4	160.00	WYW106878	USA 12.50%	• Apache Corporation	50%	Hazel C. Stanley	4.01%	• Texaco Exploration & Production, Inc.	50%
			Effective 1/1/1988		• R. K O'Connell	50%	• Norman Crawford	.17%	Apache Corporation	25%
			Expires 12/31/1997						• R. K. O'Connell	25%

Commitment Status

- Fully - all interest owners in tract have joined unit
- Effectively – at least 1 override has not joined, but all other interest owners have joined
- Partially –
 - Fee tract – at least 1 basic royalty owner has not joined but all lessees and working interest have joined
 - Fed or State – at least one lessee has not joined, but all working interest owners have joined
- Not – at least one working interest did not join

Segregations

- If a lease is partly in and partly out of the unit and is fully or effectively committed, the lease is eligible for segregation
- If the lease is segregated and the unit is invalidated, the segregation is voided and the lease is put back together
- Portion of the lease inside the unit will retain the original lease number unless there is an existing well on the portion outside the unit



Participating Areas

- PAs are based on a Paying Well determination
- Units may have more than one PA
- PAs may overlap for different formations
- PA names include formation - Initial Fort Union PA "A"
- Serial number includes alpha suffix other than X - WYW123456B
- PAs may be revised when new wells are drilled to expand area but will not decrease when wells are plugged
- PA will terminate when last well is P&A

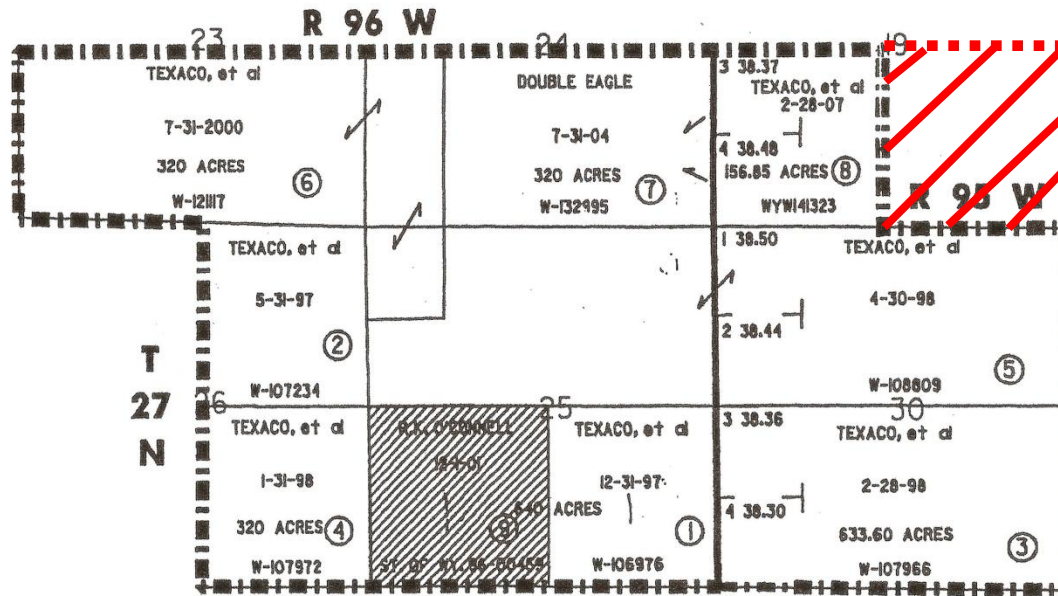
Initial Mowry
PA A ●
WYW123456B

Initial Baxter
PA A ●
WYW123456A

Baxter PA B
●
WYW123456C

Expansions

- Operator submits proposal including:
 - Contemplated changes to boundary
 - Reason for expansion
 - Plans for drilling
 - Effective date of expansion
- After preliminary approval from AO, operator must send notice to all interest owners affected
- 30 days allowed for objections
- After 30 days, operator provides:
 - Evidence of mailing
 - Copy of objections
 - Application
 - Joinders
 - Consent of interest owners



NOTE:

EXHIBIT COMPLIED FROM THE FOLLOWING
GOVERNMENT LAND OFFICE SURVEY PLATS:

T27N-R95W JANUARY 31, 1995
T27N-R96W AUGUST 17, 1995

- UNIT BOUNDARY
- FEDERAL LAND
- ▨ STATE LAND
- ② TRACT NUMBER

ACREAGE	PERCENT OF UNIT
2,390.45	100%
2,550.45	
2,230.45	93.31%
2,390.45	93.73%
160.00	6.69%
	6.28%

ABBREVIATIONS

TEXACO - TEXACO EXPLORATION AND PRODUCTION INC.
DOUBLE EAGLE - DOUBLE EAGLE PETROLEUM & MINING C

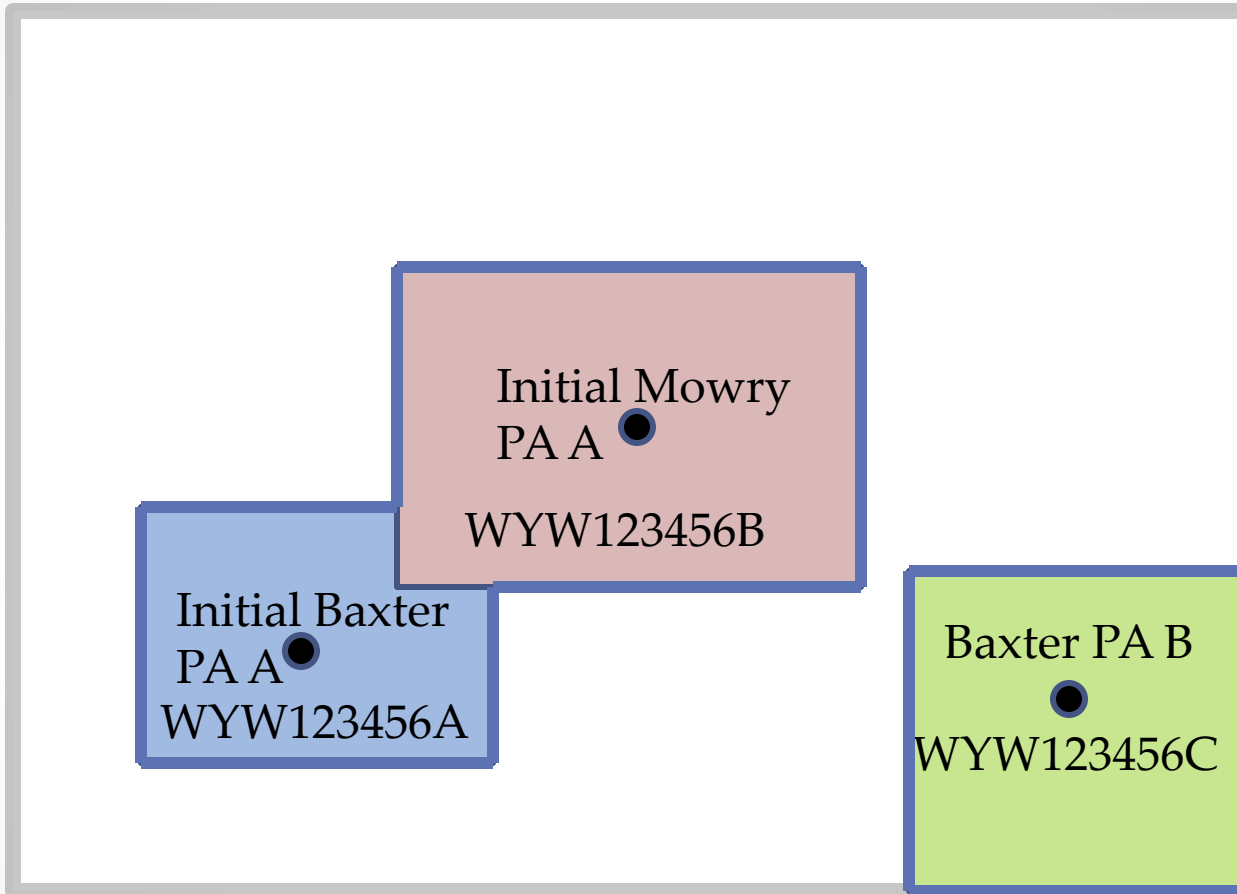
EXHIBIT 'A' BUFFALO ROBE UNIT FREMONT COUNTY, WYOMING

TEXACO EXPLORATION & PRODUCTION INC

9710015 PM12:33

Contractions

- On 5th anniversary of 1st PA, any lands not included in PAs are eliminated automatically from unit unless diligent drilling operations are in progress with not more than 90 days between completion of one well and the commencement of the next.
- On the 10th anniversary of the 1st PA any lands not included in PAs are automatically eliminated unless operator requests a one time two year extension.
- Operator then has 90 days after effective date of contraction to submit a description of the lands eliminated and notify parties affected



Designation of Agent

- Operator may designate another operator to drill a well within a unit (new operator must be bonded)
- If well results in a paying well, the well must be operated by unit operator
- If well is non-paying and is not within an existing PA, the well may be operated by the non-unit operator and reported on a lease basis (Delegation of Authority)

Communitization Agreement

- If an operator other than the unit operator drills a well on a non-committed tract within the unit, a communitization agreement may be required

Plan of Development

- Within 6 months completing a paying well, operator must submit a Plan of Development (POD).
- Yearly PODs and Review of Operations (ROO) are due by March 1st
- Should include any plans for additional wells
- Supplements should be submitted for changes to existing plan
- ROOs should include a summary of operations and production from previous year



Successor Unit Operators

- Designation of Successor Operator must be signed by new operator
- Must be witnessed or notarized
- Self certification accepted for required signatures of working interest owners
- Include bond information
- Consult field office for bond

Termination

- Unit term is five years unless
 - Operator applies for extension
 - Tested formations are proven to be incapable of producing in paying quantities and operator requests termination
 - PA is formed and unit continues in effect until all wells are plugged
 - Operator requests a voluntary termination before discovery of unitized substances in paying quantities- Must have 75% of working interest consent
- BLM will send a letter giving operator 60 days to put well back on production.